

Kentucky Agricultural Finance Corporation

Minutes of the February 1, 2008 Meeting

The meeting of the Kentucky Agricultural Finance Corporation Board was held on Friday, February 1, 2008 at 10:00 AM EST at the Transportation Cabinet Building, Room C107 in Frankfort, Kentucky. Commissioner Richie Farmer, presiding, called the meeting to order. Commissioner Farmer then asked the Board Secretary to call the roll.

Roll Call

Members Present

Commissioner Farmer, Secretary Jonathan Miller (proxy Tom Midkiff), Wayne Hunt, Billy Joe Miles, Charles Miller, Bob Proffitt, Annette Crawford-Walters

Members Absent

Bob Gaslin, Larry Jaggars, Doug Lawson, Frank Penn, James Reams

Others Present

Staff –Roger Thomas, Cyndi Hall, Tim Hughes, Jennifer Marsh, Bill McCloskey, Tracey Mulder, Joel Neaveill

Guests –John Roberts, Eddie Coleman, Mark Farrow and Michael Judge, Kentucky Department of Agriculture; Mark Dykes, First National Bank of Columbia; Tony Compton; John Burnett and John Gossage, First National Bank; Brent Brockman; Brent Woodrum, John Sharp

Notification of Press

Commissioner Farmer received verification that the media had been notified regarding the Kentucky Agricultural Finance Corporation monthly meeting.

Commissioner Farmer welcomed everyone and introduced the guests.

Review and Approval of Minutes

A motion to approve the December 7, 2007 minutes was made by Ms. Annette Crawford-Walters. Mr. Charles Miller seconded the motion. The motion passed without dissent.

Executive Director's Report

Mr. Roger Thomas thanked everyone for their hard work and stated that he was looking forward to working with the Kentucky Agricultural Finance Corporation (KAFC) Board and with Commissioner Farmer and the Kentucky Department of Agriculture (KDA). Mr. Thomas introduced the Governor's Office of Agricultural Policy (GOAP) staff and Commissioner Farmer introduced the KDA staff.

Mr. Thomas noted that Larry Jaggars recently had a heart attack and was preparing for surgery.

Mr. Thomas gave a legislative update on bills relating to agriculture. House Bill 87 is the most critical as it would take \$20 million of the Kentucky Agricultural Development Fund (KADF) and use it for drought relief. Mr. Thomas has met with the sponsor of this bill. The bill has been pulled from the House Appropriations and Revenue Committee's agenda, however, the Kentucky Agricultural Development Board (KADB) needs to address issues concerning the drought in a pro-active manner. Other House Bills (HB 329 and HB 333) address the shortage of large animal veterinarians. HB 329 updates the Veterinarian Practice Act, involving indirect supervision of vet technicians. HB 333 is a veterinarian student loan forgiveness program for those students who enter into a large or mixed animal practice in an underserved area. Another issue relative to the discussion is the funding for the 10 additional slots that are being offered to the Commonwealth by University of Auburn and Tuskegee University.

At the January 18, 2008 KADB meeting, a motion was passed to recommend raising the borrowing limit on Beginning Farmer Loans and Infrastructure Loans from \$100,000 to \$250,000, and to increase the terms of the Beginning Farmer Loans from 10 years to 15 years. **Mr. Wayne Hunt moved to accept the new limits. Ms. Crawford-Walters seconded the motion. Mr. Billy Joe Miles amended the motion to say that effective February 1, 2008 any pending applications, as well as projects approved at the February 1, 2008 KAFC Board Meeting; will be allowed to submit a new application using the original date. The amended motion was seconded by Ms. Crawford-Walters. The amendment passed without dissent. The amended motion passed without dissent.**

Director of Financial Services Report

Commissioner Farmer called on Mr. Bill McCloskey to report on the financial position of KAFC. Reports are provided in the update folder (on file with Board Secretary). Mr. McCloskey reviewed the status of KAFC funds and loan activity.

New Business

Agricultural Infrastructure Loan Program - Discussion and Action

AF07-0110 Compton, Tony and Pamela – Applicants request \$100,000 for construction of a new free-stall barn for dairy operation in Adair County. First National Bank of Columbia is the participating lender. Staff recommends loan approval. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF07-0111 Garner, Gerald and Sheila – Applicants request \$100,000 for construction of four (4) poultry pullet houses in Wayne County. Farm Credit Services of Mid-America is the participating lender. Staff recommends loan approval. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Bob Proffitt seconded the motion. The motion passed without dissent.**

AF07-0113 Tucker, Gilbert and Stephanie – Applicants request \$12,500 for construction of a 40' x 60' barn for tobacco stripping in Shelby County. Citizens Union Bank is the participating lender. Staff recommends loan approval. **Mr. Miles moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF08-0003 Triple E Farms – Applicants request \$40,000 for construction of a grain bin on farm in Henderson County. Independence Bank is the participating lender. Staff recommends loan approval. **Mr. Miller moved to approve the staff recommendation. Mr. Proffitt seconded the motion. The motion passed without dissent.**

Beginning Farmer Loan Program – Discussion and Action

AF07-0109 Moss, James M. – Applicant requests \$100,000 for the construction of two finishing barns for startup swine operation in Fulton County. Jackson Purchase ACA is the participating lender. Staff recommends loan approval. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF07-0114 Gardner, Scotty and Glenda – Applicants request \$32,330 for the purchase of beef cattle and farm equipment on their farm in Hardin County. Farm Credit Services is the participating lender. Staff recommends loan approval. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

AF08-0004 Lancaster, Joshua – Applicant requests \$37,500 for the purchase of a 77 acre farm in Webster County. Independence Bank is the participating lender. Staff recommends loan approval. **Mr. Miles moved to approve the staff recommendation. Mr. Hunt seconded the motion. The motion passed without dissent.**

AF08-0005 Burnett, John and Megan – Applicants request \$42,500 for the purchase of a 67 acre farm in Pulaski County. First Southern National Bank is the participating lender. Staff recommends loan approval conditional to appraisal supporting purchase price. **Ms. Crawford-Walters moved to approve the staff recommendation. Mr. Miles seconded the motion. The motion passed without dissent.**

AF08-0006 Brockman, Brent – Applicant requests \$100,000 for the purchase of a 300 acre farm in Casey County. Farm Credit Services is the participating lender. Staff recommends loan approval conditional on financing by First Southern National Bank, which may include Farm Service Agency. **Mr. Hunt moved to approve the staff recommendation. Mr. Miles seconded the motion. The motion passed without dissent.**

Old Business

Commissioner Farmer recommended adding Roger Thomas to the Staff Approval Committee and taking Keith Rogers off. Mr. Miles so moved. Mr. Hunt seconded the motion. The motion passed without dissent.

Agricultural Infrastructure Loan Program - Discussion and Action

AF06-0049 Jones, John Stewart – Staff recommends loan extension of 90 days per request of originating lender. **Mr. Proffitt moved to approve the staff recommendation. Mr. Miller seconded the motion. The motion passed without dissent.**

Beginning Farmer Loan Program

AF07-0103 Musser, Nathan – Staff recommends approval of this loan contingent on the GOAP Executive Director approving the business plan. **Ms. Crawford-Walters moved to approve the staff recommendation facilitating this request. Mr. Hunt seconded the motion. The motion passed without dissent.**

Other Business

Agricultural Infrastructure Loan Program - Discussion

AF07-0035 KAD Farms (Allen Murray, David Hayden, Kevin Trunnell) – Application withdrawn

AF07-0036 Murray, Allen – Application withdrawn

Beginning Farmer Loan Program - Discussion and Action

AF07-0095 Brockman, Brent – Application expired

Mr. Hunt moved to authorize staff to make an application to KADB for additional funding of \$2 Million for Infrastructure Loans and \$3 Million for Young Farmer Loans. Mr. Proffitt seconded the motion. Motion passed without dissent.

Mr. Hughes clarified reporting of finances. The agreement between KAFC and KADB does not specify how the money is designated when it comes back in as principle and interest. Once the money has been paid out to recipient of grant or loan, the money has been used.

Mr. Hunt moved to give Mr. Thomas the authority to sign on behalf of KAFC, retroactive to his start date of January 7, 2008. Mr. Miller seconded the motion. The motion passed without dissent.

Closing Remarks

The meeting adjourned at 12:00pm EST.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____